

THE IMPACT OF GLOBALIZATION AND LABOR DIVERSIFICATION ON THE ECONOMIC DEVELOPMENT OF THE REPUBLIC OF SERBIA

Pregledni članak

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Abstract: At a time of growing global mobility and various demographic challenges, companies are forced to invest significantly more in human resources. Identifying, attracting, and retaining talent is a continuous activity without which an adequate development strategy is not possible. This paper, through an analysis of secondary sources, examines numerous political, economic, and social implications of long-term trends and points to the need to obtain answers about the future of the labor market. In particular, the paper considers key migration patterns, birth rate and the aging of the total and working population, which consequently leads to a decline in economic activities and social tension. The practice of human resources management is particularly burdened by the departure of young and educated people, representing an irreplaceable potential, to more developed countries. At the same time, due to economic insecurity and social uncertainty, the absolute and relative number of older people still actively working is increasing, which generates intergenerational conflict as older workers are considered to make it harder for younger generations to enter the labor market.

Keywords: human resources, globalization, migration, birth rate

UTICAJ GLOBALIZACIJE I DIVERZIFIKACIJE RADNE SNAGE NA PRIVREDNI RAZVOJ REPUBLIKE SRBIJE

Sažetak: U vreme narastajuće globalne mobilnosti i različitih demografskih izazova, kompanije su prinuđene da znatno više ulažu u ljudske resurse. Identifikovanje, privlačenje i zadržavanje talenata predstavlja kontinuiranu aktivnost bez koje nije moguće kreirati adekvatnu razvojnu strategiju. U radu se kroz analizu sekundarnih izvora sagledavaju brojne političke, ekonomske i socijalne implikacije višegodišnjih trendova i upućuje na neophodnost dobijanja odgovora o budućnosti tržišta rada. Naročito se sagledavaju ključni migracioni obrasci, natalitet i starenje ukupne i radno aktivne populacije, što posledično vodi do pada privrednih aktivnosti i socijalnih tenzija. Praksa upravljanja ljudskim resursima posebno je opterećena odlaskom mladih i obrazovanih u razvijenije zemlje, što predstavlja nenadoknadiv potencijal. Istovremeno zbog ekonomske nesigurnosti i socijalne neizvesnosti, sve je veći apsolutni i relativni broj starije populacije koja i dalje aktivno radi, što generiše međugeneracijske sukobe, jer se smatra da stariji radnici otežavaju mlađim generacijama ulazak na tržište rada.

Ključne reči: ljudski resursi, globalizacija, migracije, natalitet

Introduction

The process of globalization has significantly relativized state sovereignty, while the growth of transnational societies has generated numerous challenges and shifted the focus of attention

from previous spheres of decision-making. However, even though political centers of power adhere to national sovereignty, the complexity and fragmentation of power and authority impose the cooperation of governments and organizations, public and private, foreign and domestic (Castles, Haas, & Miller, 2014). Langović Milićević (2014) points out that the responsibility for talent management is shared by all corporate levels, from directors to line managers, which implies identifying and developing the optimal strategy for employee engagement, loyalty and retention. Organizational units in charge of human resources have the task of developing an integrated and proactive strategic approach to talent management.

Demographic trends will have a negative impact on human resources management, particularly visible during the human resources recruitment process. As a result of the increasingly accelerated obsolescence of census data, but also due to the lack of a single population register, the territory of Serbia, as well as the entire region, cannot be viewed as a stable and predictable system. All previous population policy measures have not yielded the expected results: the total fertility rate is not sufficient for simple population replacement, while migration statistics confirm the long-term trend of uncontrolled emigration.

As of 1999, the birth rate in the Republic of Serbia has been 30% lower than the need for simple population renewal, confirmed by data that, for more than two decades, the total fertility rate remains below 1.5 children per woman (Birth Incentive Strategy, 2018). The reduction in the Serbian population, by mid-21st century, is projected to be almost two million, or almost a third of the population. According to the projections, Nikitović (2019) emphasizes that the two southern regions in Serbia will lose almost half of their population, and some areas in the east of the country will face an even more pronounced population loss. Consequently, labor shortages can be too large of a constraint for an insufficiently strong economy. This is one of the most important reasons for the shift in the recruitment process towards older candidates. Although this is a forced trend, there are still positive effects: recruitment and selection costs are reduced, the risk of leaving the company is lower and, due to previously acquired knowledge and experience, training costs are lower. If, in addition to all the above, additional incentives for affirmative employment are used such as state subsidies for the employment of the elderly, a change in the negative stereotype associated with elderly employment will be inevitable.

In addition to the multi-decade, overall trend in aging, as well as the working population, the practice of human resource management is particularly burdened by the departure of young and highly educated people for developed countries. If the creative capacities of the diaspora, through its potential and acquired global reputation, are not used to promote the interests of Serbia, the consequences of the "brain drain" in the coming period will be increasingly visible on the labor market.

Employment, at a time when unemployment rates are lower, is a challenge for employers, now significantly focused on passive candidates who are increasingly selective in terms of potential employment opportunities (Sančanin, B., & Sančanin, S., 2019).

1. Demographic trends

At the end of the 20th century, the global population exceeded the six billion mark, and the period from 1987 to 1999 was the shortest period of time during which the world gained a billion people. Projections show that the world's population will increase to 9.1 billion by 2050. Almost half of the annual population growth has been registered in six countries: India, China, Pakistan, Nigeria, the USA and Bangladesh. India is by far the largest contributor to global

population growth, which is estimated to surpass China by 2030 as the most populous country in the world (United Nations, 2005).

It is estimated that women in Europe who will be born in 2070 will live an average of 90 years, and men an average of 86 years. This will result in 30.3% of the population being older than 65, which is a significant difference compared to 2019, when 20.3% of the population was 65 and older. In addition, an important indicator is the share of Europe's population in the global population, which will be just under 4% by 2070. In the European Union, the average number of children born per woman in 2018 was 1.55, and the median age of women at birth was 31.3 (European Commission, 2021).

In the middle of the 20th century, Serbia belonged to the group of demographically very young countries based on indicators such as the average age or the share of the elderly: the average age in 1953 was 29.3 years, and the share of people older than 65 was only 6.1% (Stojilković Gnjatović & Devedžić, 2020: 11).

TABLE 1: POPULATION OF SERBIA

Indicator	POPULATION							
	1948	1953	1961	1971	1981	1991	2002	2011
SERBIA	6527583	6978119	7641962	8446726	9313686	7822795	7498001	7186862
Serbia–NORTH	2274602	2430477	2797161	3161920	3504855	3616115	3608116	3591249
Serbia–SOUTH	4252981	4547642	4844801	5284806	5808831	4206680	3889885	3595613

Source: Republic Bureau of Statistics

2. Negative rate of natural increase and the aging of the population

In the last half century, the Republic of Serbia has been facing a complex issue of demographic erosion which can be recognized through a constant decrease in the birth rate and the negative rate of natural increase. The modest gross fertility rate is the result of family planning, later marriages, an increasingly prevalent single life, a difficult social and economic environment, as well as accumulated years of psychological pressure. Marinković (2014) warns that insufficient births, in addition to directly impacting demographic development through the reduction of the active, able-bodied population, indirectly impact economic and social development.

The issue of births in Serbia is a significant problem that requires special attention, and an efficient solution, given the accelerating depopulation trend. Population policy programs should be based on an analysis of attitudes about the reproductive function, factors that limit reproduction at the macro, social level, and at the micro, individual level, taking into account numerous psychosocial variables (Bjelica & Kapor-Stanulović, 2006: 127-128).

Compared to the European, especially the European Union, average, Serbia lags behind when it comes to life expectancy at live birth (e_0) for both sexes. In 2017, the difference between Serbia and the average for the 28 member states of the European Union (EU-28) was 5.4 years for women and 5.2 years for men (Nikitović, 2019: 37). The life expectancy, according to vital statistics for 2019, is 78 for women and 73 for men (Statistical Office of the Republic of Serbia, 2020).

In this context, the increasing recruitment of older people should be considered, as evidenced by the indicators on the length of working life for current 15-year-olds in European Union countries (EU-27): for the first time in 20 years, life expectancy has been reduced from 35.9 years in 2019 to 35.7 years in 2020. At the same time, life expectancy was 4.8 years longer for men (38.0 years) than for women (33.2 years). However, during the aforementioned two decades, the life expectancy in the EU has increased more for women (+4.5 years) than for men (+2.2 years) (Eurostat, 2021a).

TABLE 2: LENGTH OF WORKING LIFE - EUROPEAN UNION (IN YEARS)

YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENDER										
Total	34.1	34.5	34.7	34.8	34.9	35.2	35.5	35.7	35.9	35.7
Men	36.8	37.1	37.2	37.3	37.4	37.6	37.9	38.1	38.3	38.0
Women	31.3	31.7	32.0	32.2	32.3	32.6	32.9	33.2	33.4	33.2

Source: <https://ec.europa.eu/eurostat>, 2021.

The expected length of working life for 15-year-olds in Serbia (2020) is 33.1 years, which is more than in some EU member states - Italy (31.2), Croatia (32.8) and Greece (32.8), but less than in all other member states and especially in Switzerland (42.5), Sweden (42.0) and the Netherlands (41.0) (Eurostat, 2021b).

TABLE 3: LENGTH OF WORKING LIFE - SERBIA (IN YEARS)

YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENDER										
Total	30.1	30.4	31.0	31.3	31.3	32.3	32.8	33.3	33.4	33.1
Men	33.6	33.9	34.6	34.7	34.6	35.5	35.9	36.5	36.4	36.1
Women	26.3	26.7	27.3	27.7	27.7	28.9	29.6	30.0	30.2	29.9

Source: <https://ec.europa.eu/eurostat>, 2021.

The most important characteristic of demographic trends in the Republic of Serbia is the depopulation trend: the number of inhabitants in 2019 compared to 2011, at the time of the previous census, has decreased by 291 thousand, with the demographic transition particularly affecting a decrease in the working age of the population²³³ by about 430 thousand. The results of the population projection indicate that the demographic aging process, and a reduction in the share of the working-age population in the total population, will continue until 2041 (Employment Strategy for the Republic of Serbia for the period from 2021 to 2026).

The aging population is generating numerous challenges for the labor market. A survey conducted in the countries that make up the ASEAN, (*Association of Southeast Asian Nations*)²³⁴, showed that almost half of the elderly population is still actively working, as well as that this is the consequence of economic insecurity and the financial uncertainty of pensioners. It is the constant growth of the older working population that causes tension

²³³ Population from 15 to 64 years of age.

²³⁴ ASEAN – Regional Political, Economic and Cultural Association of Southeast Asian Nations: Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei, Cambodia, Laos, Myanmar and Vietnam.

between generations, which are based on the fact that older workers are an obstacle for the younger generation taking their desired role in the labor market (Wijayanti, 2018).

3. Population migration

Numerous determinants have an impact on the decision to migrate, but the key ones have differentiated the availability of migrant networks, income disparities between countries and demographic determinants, while restrictions created by stricter migration policies represent the most significant barrier to migration (Simpson, 2017). This is precisely why it is necessary to recognize and accept key migration patterns as a basic platform for considering the implications of national and/or regional immigration policy.

The total share of migrants in the global population in 2000 was 2.9% with a tendency towards increasing. From 1965 to 2000, the number of migrants more than doubled from 75 to 175 million (IMO, 2002: 4-5). Projections on the number and share of migrants at the international level of 230 million (2.6%) created for 2050 have already been exceeded. Namely, the number of migrants at the global level is estimated at about 272 million (3.5%), of which almost two thirds are economic migrants (IMO, 2019: 2).

Eighty-four percent of global migration is focused on the main source of migration, Europe, Asia and North America, with the leading source until 2015 being Europe followed by Asia. The leading migration regions in Europe are Southern Europe (Albania, Bosnia and Herzegovina, Malta, Portugal, Serbia, Croatia, and Montenegro), Eastern Europe (Belarus, Bulgaria, Moldova, Poland and Romania) and Northern Europe (Estonia, Lithuania and Latvia). (Domazet, Domljan, Peštek, & Hadžić, 2020).

Almost every economic model of migration includes a difference in income between countries, which nominates it as a relevant factor in interpreting migratory movements over a period of time. Revenue can serve as a "push factor": low-income levels can push migrants out of their home country. In contrast, a high level of income serves to "attract" (pull factor) migrants to a particular country or region (Bansak, Simpson, & Zavodny, 2015: 2-3).

A demographically unfavorable environment is not only a consequence of low birth rate and emigration abroad, but also relocation from smaller to larger cities. The annual balance of internal migrations during the 2011 to 2018 period ranged from 120.3 to 125.7 thousand people.

According to the indicators of the Republic Statistical Office of Serbia (2019), the average age of those who changed their usual residence in 2018 was 34.2 years. By mid-century, the volume of potential workers will be below one hundred thousand in 19 out of 25 areas in Serbia, and in the east and southeast of the country will fall below 50 thousand (Nikitović, 2019: 98).

As a result of leaving a specific locality, migrations can significantly slow down the development of that area causing destabilization and a decline in economic activities, with pressure exerted by workers for strong social programs (Slavković, Stojadinović, 2012: 37). During the period following the Second World War, the migrant population in Serbia recorded an absolute and relative increase: 38%, almost three million people belonged to the category of an immigrant population, and that number in 2011 amounted to 3.5 million, with an increase in the share of 45%. Observed at the level of lower territorial units (municipalities), the largest share of the migrant population at the beginning of the XXI century was in the City of Novi Sad - more than 60% out of the total population (Spasovski, & Šantić, 2016).

It is necessary to look at migration processes in Serbia from the angle of numerous economic, political, and social angles, as well as the implications that should serve to create a platform for formulating answers about the future of the labor market. At the beginning of the third millennium, territorial differences in the share of the population at work or residence abroad were marked in Serbia, and are more pronounced at a lower territorial level (Penev, & Predojević-Despić, 2012).

The largest number of Serbian inhabitants at work or stay abroad was recorded in the 2002 census - 414,839, which is a 5.3% share in the total number of inhabitants.

TABLE 4: SERBIAN CITIZENS WORKING/STAYING ABROAD (1971-2011)

Year of census	1971	1981	1991	2002	2011
Total population	7.202.915	7.729.246	7.822.795	7.893.125	7.470.798
Population abroad					
Number of inhabitants abroad	203.981	269.012	273.817	414.839	313.411
Share of residents abroad	2,8	3,5	3,5	5,3	4,2

Source: Predojević-Despić, & Penev, 2016.

The censuses of Serbian citizens working or staying abroad, conducted from 1971 to 2002, cannot be assessed as reliable, although officially the number of net registered during the 2002 census was around 122,000, or 1.6% (Miloski-Trpinac, 2002). The differences can also be attributed to the fact that foreign statistical services process data for the Federal Republic of Yugoslavia (Serbia and Montenegro), as well as that the census data for Serbia did not cover the territory of Kosovo and Metohija.

TABLE 5: Citizens of Serbia working/residing in European countries - 2002

Data source	COUNTRY OF RECEIPT					
	Italy	Hungary	Germany	The Netherlands	Switzerland	Sweden
Census in Serbia	20.428	5.343	102.799	6.280	65.751	14.049
Statistics of receiving countries	61.146	8.389	591.492	6.645	212.505	20.741

Source: Penev, Predojević-Despić, 2021.

Labor market indicators in the European Union are significantly more stable than in Serbia, especially those that indicate the position of young people in the labor market. The unemployment rate in the EU-27 was 6.7% in 2019, while in some countries it is significantly lower (Czech Republic 2.1%, Germany 3.2%, Poland 3.3%, the Netherlands 3.4%, Hungary 3.5%). In Western Balkan countries,²³⁵ in 2019 Northern Macedonia (17.4%) had the highest unemployment rate followed by Bosnia and Herzegovina (16.4%) and Montenegro (15.4%) (Ognjenović, Kuzmanov, & Pavlović, 2020).

²³⁵ Western Balkan countries: Albania, Bosnia and Herzegovina, Northern Macedonia, Serbia, and Montenegro.

Conclusion

The global economy is a place where all actors want to achieve a competitive advantage and faster development. For this to be possible at a time of global mobility and demographic change, organizations must continually invest in human resources through the process of attracting talent, developing careers, and retaining them.

The creation of new jobs while retaining existing ones should be a top priority for all economic and social partners (governments, employers, trade unions), given that only jobs and full employment can be the basis for economic security and social justice.

Projected demographic indicators can draw their relevance only if they are based on indicators for the lowest territorial units, given that in this way the specific features and authenticity of local environments are taken into account, which demographic homogenization is not able to show. For policy makers, the biggest burden is certainly the projected decline in Serbia's population of about two million, by the middle of this century, and that the southern and eastern parts of the country could be left without half its population which, for now, presents too great a challenge.

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